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**Housing Authority of the City of Bunkie
Bunkie, Louisiana**

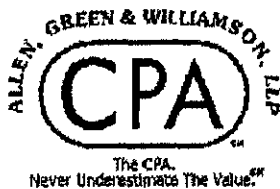
**Annual Financial Report
As of and for the Year Ended December 31, 2007**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/30/08

**Housing Authority of the City of Bunkie
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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Housing Authority of the City of Bunkie
Bunkie, Louisiana

We have audited the accompanying basic financial statements of the Housing Authority of the City of Bunkie, Bunkie, Louisiana, as of and for the year ended December 31, 2007, as listed in the table of contents. These financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Authority, as of December 31, 2007, and the respective changes in its financial position and its cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 29, 2008, on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis, as listed in the tables of contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements. The accompanying supplemental information, as listed in the table of contents, which includes the Financial Data Schedule required by HUD, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Also, the accompanying other information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements of the Housing Authority. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana

June 29, 2008

**REQUIRED SUPPLEMENTAL INFORMATION
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**

Housing Authority of the City of Bunkie, Louisiana
Management's Discussion and Analysis (MD&A)
December 31, 2007

The management of Public Housing Authority of Bunkie, Louisiana presents the following discussion and analysis (MD&A) of the Housing Authority's financial activities for the fiscal year ending December 31, 2007. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Authority's included audited financial statements.

FINANCIAL HIGHLIGHTS

- ☐ The primary source of funding for these activities continues to be subsidies and grants from the Department of Housing and Urban Development (HUD), whereas tenant rentals provide a secondary but also significant source of funding.
- ☐ The Housing Authority's assets exceeded its liabilities by \$1,409,838 at the close of the fiscal year ended 2007.
 - ☐ Of this amount \$1,230,818 represents a restriction equal to the net amount invested in land, building, furnishings, leasehold improvements, equipment, and construction in progress.
 - ☐ The remainder of \$179,020 of unrestricted assets could be used to meet the Housing Authority's ongoing obligations to citizens and creditors. As a measure of financial strength, this amount equals 35% of the total operating expenses of \$508,181 for the fiscal year 2007, which means the Authority might be able to operate about 4 months using the unrestricted assets alone, which compares favorably with 4 months in the prior fiscal year.
- ☐ The Housing Authority's total net assets increased by \$10,504, a 1% change from the prior fiscal year 2006. This increase is attributable to significant increases in Federal grants for both operations and capital improvements, described in more detail below.
- ☐ The increase in net assets of these funds was accompanied by an increase in unrestricted cash by \$52,271 from fiscal year 2006.
- ☐ The Authority spent \$73,088 on completion of construction projects during the current fiscal year.
- ☐ These changes led to an increase in total assets by \$15,227 and an increase in total liabilities by \$4,723. As related measure of financial health, there are still over \$4.57 of current assets covering each dollar of total current and long-term liabilities, which compares with \$4.59 covering the prior fiscal year's liabilities.
- ☐ The Housing Authority continues to operate without the need for debt borrowing.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the Housing Authority's basic financial statements. The Housing Authority is a special-purpose government engaged in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements, comprised of two components: (1) fund financial statements and (2) a series of notes to the financial statements. These provide information about the activities of the Housing Authority as a whole and present a longer-term view of the Housing Authority's finances. This report also contains other supplemental information in addition to the basic financial statements themselves demonstrating how projects funded by HUD have been completed, and whether there are inadequacies in the Authority's internal controls.

Housing Authority of the City of Bunkie, Louisiana
Management's Discussion and Analysis (MD&A)
December 31, 2007

Reporting on the Housing Authority as a Whole

One of the most important questions asked about the Authority's finances is, "Is the Housing Authority as a whole better off, or worse off, as a result of the achievements of fiscal year 2007?" The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets report information about the Housing Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Fund Financial Statements

All of the funds of the Housing Authority are reported as proprietary funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority, like other enterprises operated by state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Housing Authority's financial statements report its net assets and changes in them. One can think of the Housing Authority's net assets – the difference between assets and liabilities – as one way to measure the Authority's financial health, or financial position. Over time, increases and decreases in the Authority's net assets are one indicator of whether its financial health is improving or deteriorating. One will need to consider other non-financial factors, however, such as the changes in the Authority's occupancy levels or its legal obligations to HUD, to assess the overall health of the Housing Authority.

USING THIS ANNUAL REPORT

The Housing Authority's annual report consists of financial statements that show combined information about the Housing Authority's most significant programs:

Low Rent Public Housing
Public Housing Capital Fund Program

The Housing Authority's auditors provided assurance in their independent auditors' report with which this MD&A is included, that the basic financial statements are fairly stated. The auditors provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to determine the level of assurance provided for each of the other parts of this report.

Reporting the Housing Authority's Most Significant Funds

The Housing Authority's financial statements provide detailed information about the most significant funds. Some funds are required to be established by the Department of Housing and Urban Development (HUD). However, the Housing Authority establishes other funds to help it control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using grants and other money.

The Housing Authority's enterprise funds use the following accounting approach for proprietary funds: All of the Housing Authority's services are reported in enterprise funds. The focus of proprietary funds is on income measurement, which together with the maintenance of net assets, is an important financial indicator.

Housing Authority of the City of Bunkie, Louisiana
Management's Discussion and Analysis (MD&A)
December 31, 2007

FINANCIAL ANALYSIS

The Housing Authority's net assets were \$1,409,838 as of December 31, 2007. Of this amount, \$1,230,818 was invested in capital assets, and the remaining \$179,020 was unrestricted. No other specific assets are restricted. Also, there are no other restrictions on general net assets.

CONDENSED FINANCIAL STATEMENTS

Condensed Balance Sheet			
December 31,			
		<u>2007</u>	<u>2006</u>
ASSETS			
Current assets		\$ 229,175	\$ 174,551
Capital assets, net of depreciation		<u>1,230,818</u>	<u>1,270,215</u>
Total assets		<u>1,459,993</u>	<u>1,444,766</u>
LIABILITIES			
Current liabilities		39,950	38,018
Non-current liabilities		<u>10,205</u>	<u>7,414</u>
Total liabilities		<u>50,155</u>	<u>45,432</u>
NET ASSETS			
Invested in capital assets, net of depreciation		1,230,818	1,270,215
Unrestricted net assets		<u>179,020</u>	<u>129,119</u>
Total net assets		<u>1,409,838</u>	<u>1,399,334</u>
Total liabilities and net assets		<u>\$1,459,993</u>	<u>\$1,444,766</u>

Housing Authority of the City of Bunkie, Louisiana
Management's Discussion and Analysis (MD&A)
December 31, 2007

CONDENSED FINANCIAL STATEMENTS (Continued)

The net assets of these funds increased by \$10,504, or by 1%, from those of fiscal year 2006, as explained below. In the narrative that follows, the detail factors causing this change are discussed:

Condensed Statement of Revenues, Expenses, and Changes in Fund Net Assets
(Excluding Interfund Transfers)
For the Years Ended December 31,

	<u>2007</u>	<u>2006</u>
OPERATING REVENUES		
Dwelling rental	\$ 219,153	\$ 208,115
Federal grants for operations	221,416	347,766
Other non-tenant revenue	<u>1,494</u>	<u>8,786</u>
Total operating revenues	442,063	564,667
OPERATING EXPENSES		
Administration	188,000	171,211
Tenant services	668	0
Utilities	11,322	10,963
Maintenance, repairs, and extraordinary repairs	133,436	128,258
General expenses	62,270	62,170
Depreciation	<u>112,485</u>	<u>100,648</u>
Total operating expenses	<u>508,181</u>	<u>473,250</u>
Income (loss) from operations	<u>(66,118)</u>	<u>91,417</u>
NON-OPERATING REVENUES		
Interest income	<u>4,176</u>	<u>4,176</u>
Total Non-Operating Revenues	<u>4,176</u>	<u>4,176</u>
Income (loss) before capital contributions	(61,942)	95,593
OTHER CHANGES IN NET ASSETS		
Capital contributions	<u>72,446</u>	<u>64,838</u>
NET INCREASE (DECREASE) IN NET ASSETS	10,504	160,431
NET ASSETS, beginning of fiscal year	<u>1,399,334</u>	<u>1,238,903</u>
NET ASSETS, end of fiscal year	<u>\$1,409,838</u>	<u>\$1,399,334</u>

**Housing Authority of the City of Bunkie, Louisiana
Management's Discussion and Analysis (MD&A)
December 31, 2007**

EXPLANATIONS OF FINANCIAL ANALYSIS

Compared with the prior fiscal year, total operating and non-operating revenues decreased \$122,604, or by 22%, from a combination of larger offsetting factors. Reasons for most of this change are listed below in order of impact from greatest to least:

- ☐ Federal revenues from HUD for operations decreased by \$126,350, or by 36% from that of the prior fiscal year. The determination of operating grants is based in part upon operations performance of prior years. This amount fluctuates from year-to-year because of the complexities of the funding formula HUD employs. Generally, this formula calculates an allowable expense level adjusted for inflation, occupancy, and other factors, then uses this final result as a basis for determining the grant amount. The amount of rent subsidy received from HUD depends upon an eligibility scale of each tenant. There was an increase in the number of eligible tenants receiving subsidies, so Housing Assistance Grants increased accordingly, lowering the overall total.
- ☐ Total tenant revenue increased by \$11,038, or by 5% from that of the prior fiscal year. Despite the fact that occupancy rates decreased by 3%, the amount of rent each tenant pays is based on a sliding scale of their personal income. Some tenants' personal incomes increased, so rent revenue from these tenants increased accordingly, raising the overall total.
- ☐ Federal Capital Funds from HUD increased by \$7,608, or by 12% from that of the prior fiscal year. The Housing Authority was still in the process of completing projects funded from grants by HUD for fiscal years 2005 through 2006, and submitted a new grant during fiscal year 2007.
- ☐ Other non-tenant revenue decreased \$7,292, or by 83% due to reduced other income and sale of equipment in the current year.

Compared with the prior fiscal year, total operating and non-operating expenses increased by \$34,931, or by 7%, but this also was made up of a combination of offsetting factors that were slightly more significant. Again, reasons for most of this change are listed below in order of impact from greatest to least:

- ☐ Administrative Expenses increased by \$16,789, or by 10% from that of prior fiscal year, due to a combination of offsetting factors: Administrative staff salaries increased by \$12,857 or by 15%, and staff vacation and sick leave pay increased by \$604 or by 26%, and related employee benefit contributions increased by \$3,475 or by 9%; therefore, total staff salaries and benefit costs increased by 13%. In addition, audit fees increased by \$1,200 or by 27%, accounting fees decreased by \$1,221, legal fees decreased by \$1,319. Finally, staff travel reimbursements increased by \$1,552 and sundry expenses decreased by \$359 or by 2%; therefore, other administrative expense decreased by less than 1%.
- ☐ Depreciation expense increased by \$11,837, or by 12% from that of the prior fiscal year, because there was an increase in purchase of capital assets by \$642 and completion of construction in progress of \$137,284.
- ☐ Maintenance and repairs increased by \$5,178, or by 4% from that of the prior fiscal year due to several major factors: Repair staff wages increased by \$4,478 or by 7% and related employee benefit contributions increased by \$446 or by 2%. Also materials used decreased by \$5,336 or by 20% but contract labor costs increased by \$5,590 or by 48%.

Housing Authority of the City of Bunkie, Louisiana
Management's Discussion and Analysis (MD&A)
December 31, 2007

Capital Assets

At December 31, 2007, the Housing Authority had a total cost of \$3,616,962 invested in a broad range of assets and construction in progress from projects funded in 2000 through 2005, listed below. This amount, not including depreciation, represents increases of \$73,088 from the prior year. More detailed information about capital assets appears in the notes to the financial statements.

Capital Assets, Net of Accumulated Depreciation
As of December 31,

	<u>2007</u>	<u>2006</u>
Land	\$ 64,742	\$ 64,742
Construction in progress	0	64,838
Site improvement	24,050	28,644
Buildings	1,134,963	1,097,695
Furniture and equipment	<u>7,063</u>	<u>14,296</u>
Total	<u>\$1,230,818</u>	<u>\$1,270,215</u>

Debt

Non-current liabilities include accrued annual vacation and sick leave due to employees. The Housing Authority has not incurred any mortgages, leases, or bond indentures for financing capital assets or operations.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. The capital budgets for the 2007 fiscal year have already been submitted to HUD for approval and no major changes are expected.

The Capital fund programs are multiple year budgets and have remained relatively stable. Capital Funds are used for the modernization of public housing properties including administrative fees involved in the modernization.

CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, investors, and creditors with a general overview of the Housing Authority's finances, and to show the Housing Authority's accountability for the money it receives. If you have questions about this report, or wish to request additional financial information, contact Penny McWilliams, at Public Housing Authority of Bunkie, Louisiana; P. O. Box 1036; Bunkie, LA 71322.

Housing Authority of the City of Bunkie, Louisiana

BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF BUNKIE

**ENTERPRISE FUNDS
Balance Sheet
December 31, 2007**

Statement A

ASSETS	
Current Assets	
Cash and cash equivalents	\$ 101,574
Investments	103,602
Accounts receivable residents, net of allowance of \$2,487	261
Prepaid items and other assets	11,453
Inventory	3,125
Restricted assets	
Tenant deposits	<u>9,160</u>
Total Current Assets	<u>229,175</u>
Capital Assets	
Land, buildings, and equipment (net of accumulated depreciation)	<u>1,230,818</u>
TOTAL ASSETS	<u>\$ 1,459,993</u>
LIABILITIES	
Current Liabilities	
Accounts payable vendors	\$ 3,542
Accrued wages and payroll taxes	6,834
Intergovernmental payable	20,288
Deferred revenue	126
Current Liabilities Payable From Current Restricted Assets	
Deposits due others	<u>9,160</u>
Total Current Liabilities	39,950
Noncurrent Liabilities	
Compensated absences payable	<u>10,205</u>
Total Liabilities	<u>50,155</u>
NET ASSETS	
Invested in capital assets, net of related debt	1,230,818
Unrestricted	<u>179,020</u>
NET ASSETS	<u>1,409,838</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,459,993</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

HOUSING AUTHORITY OF THE CITY OF BUNKIE

ENTERPRISE FUNDS
Statement of Revenues, Expenses,
and Changes in Fund Net Assets
For the Year Ended December 31, 2007

Statement B

OPERATING REVENUES

Dwelling rental	\$ 219,153
Governmental operating grants	221,416
Other	<u>1,494</u>

Total operating revenues	<u>442,063</u>
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OPERATING EXPENSES

Administration	188,000
Tenant services	668
Utilities	11,322
Ordinary maintenance & operations	133,436
General expenses	62,270
Depreciation	<u>112,485</u>

Total operating expenses	<u>508,181</u>
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Operating Income (loss) from Operations	<u>(66,118)</u>
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NONOPERATING REVENUES (EXPENSES)

Interest earnings	<u>4,176</u>
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Total nonoperating revenues (expenses)	<u>4,176</u>
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Net Income (loss) before capital contributions	(61,942)
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Capital contributions	<u>72,446</u>
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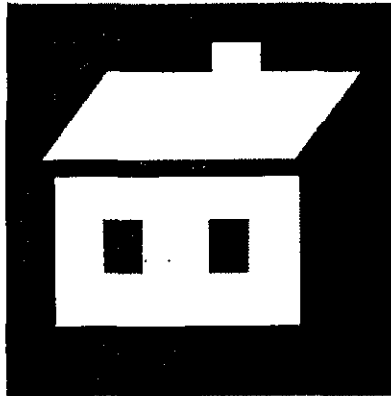
Change in net assets	10,504
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NET ASSETS AT BEGINNING OF YEAR	<u>1,399,334</u>
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NET ASSETS AT END OF YEAR	<u>\$ 1,409,838</u>
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THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Housing Authority of the City of Bunkie



HOUSING AUTHORITY OF THE CITY OF BUNKIE

**ENTERPRISE FUNDS
Statement of Cash Flows
For the Year Ended December 31, 2007**

Statement C

	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Rental receipts	\$ 219,517
Other receipts	1,494
Federal grants	221,416
Payments to vendors	(227,992)
Payments to employees	<u>(165,121)</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>49,314</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase fixed assets	(73,088)
Capital contributions	<u>72,446</u>
 NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	 <u>(642)</u>
 CASH FLOW FROM INVESTING ACTIVITIES:	
Interest and dividends	4,176
Purchase investments	<u>(152)</u>
 NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	 <u>4,024</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 52,696
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	 <u>58,038</u>
 CASH AND CASH EQUIVALENTS AT END OF YEAR	 <u>\$ 110,734</u>
 RECONCILIATION TO THE BALANCE SHEET	
Cash and cash equivalents	101,574
Restricted deposits	<u>9,160</u>
TOTAL CASH AND CASH EQUIVALENTS	\$ 110,734

(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF BUNKIE

**ENTERPRISE FUNDS
Statement of Cash Flows
For the Year Ended December 31, 2007**

Statement C

	<u>TOTAL</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (66,118)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	112,485
Change in assets and liabilities:	
(Increase) decrease receivables, net	364
(Increase) decrease inventories	(974)
(Increase) decrease prepaid items	(1,166)
Increase (decrease) accounts payable	2,354
Increase (decrease) accrued wages and payroll taxes	229
Increase (decrease) compensated absences	2,791
Increase (decrease) deferred revenue	(1,649)
Increase (decrease) deposits due others	425
Increase (decrease) intergovernmental payable	<u>573</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 49,314</u>
	(CONCLUDED)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Housing Authority of the City of Bunkie
Notes to the Basic Financial Statements
December 31, 2007

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Housing Authority of the City of Bunkie
Notes to the Basic Financial Statements
December 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Housing Authority of the City of Bunkie have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY

Housing Authorities are chartered as public corporations under the laws (LSA-R.S. 40:391) of the state of Louisiana for the purpose of providing safe and sanitary dwelling accommodations. This creation was contingent upon the local governing body of the city declaring a need for the Housing Authority to function in such city. The Housing Authority is governed by a five-member Board of Commissioners. The members, appointed by the Honorable Mayor of the City of Bunkie, serve a staggered term of five years.

Under the United States Housing Act of 1937, as amended, the U. S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-rent housing programs in the United States. Accordingly, HUD has entered into an annual contributions contract with the Housing Authority for the purpose of assisting the Housing Authority in financing the acquisition, construction and leasing of housing units and to make annual contributions (subsidies) to the Housing Authority for the purpose of maintaining this low-rent character.

The Housing Authority had 106 units in management at projects LA062-1/4.

<u>Program</u>	<u>Contract Number</u>	<u>Number of Units</u>
PHA Owned Housing	FW - 586	106

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the Housing Authority is legally separate and fiscally independent, the Housing Authority is a separate governmental reporting entity.

The Housing Authority is a related organization of the City of Bunkie since the City of Bunkie appoints a voting majority of the Housing Authority's governing board. The City of Bunkie is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the Housing Authority to provide financial benefit to, or impose financial burdens on, the City of Bunkie. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the City of Bunkie.

The Housing Authority includes all funds, activities, et cetera, that are within the oversight responsibility of the Housing Authority.

Certain units of local government over which the Housing Authority exercises no oversight responsibility, such as the school board, parish police jury, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Housing Authority. In addition, the accompanying financial statements do not include various tenant associations which are legally separate entities.

Housing Authority of the City of Bunkie
Notes to the Basic Financial Statements
December 31, 2007

B. FUNDS

The accounts of the Housing Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

All funds of the Housing Authority are classified as proprietary. Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The Housing Authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal ongoing operations. The principal operating revenues of the Housing Authority's funds are rent and maintenance charges to residents and administration fees earned. Operating expenses for proprietary funds include the administrative costs of providing the service. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. BUDGETS

General Budget Policies The following summarizes the budget activities of the Housing Authority during the year ended December 31, 2007:

The Housing Authority adopted budgets for all HUD-funded programs. The budget is controlled by fund at the function level. All appropriations lapse at year end. Budgets are prepared on the accrual basis of accounting.

The Executive Director is authorized to transfer amounts between line items within any fund, with the exception of salaries, provided such does not change the total of any function.

Encumbrances Encumbrances are not recognized within the accounting records for budgetary control purposes.

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not

Housing Authority of the City of Bunkie
Notes to the Basic Financial Statements
December 31, 2007

exceeded. In addition, the monthly budget reports are reviewed to ensure compliance with the budget, and where necessary, revisions to the budget are made.

E. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Housing Authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Housing Authority may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

F. INVESTMENTS

Investments are limited by R.S. 33:2955 and the Housing Authority's investment policy. If the original maturities of investments exceed 90 days they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at quoted market prices except for the following which are required/permitted as per GASB Statement No. 31:

Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

The Housing Authority reported at amortized cost money market investments participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

Definitions:

Interest-earning investment contract include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

Money market investments are short-term, highly liquid debt instruments that include U. S. Treasury obligations.

G. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

H. INVENTORY AND PREPAID ITEMS

All inventory items are valued at cost using first-in, first-out method. Inventory is recorded using the consumption method. At year end the amount of inventory is recorded for external financial reporting.

Housing Authority of the City of Bunkie
Notes to the Basic Financial Statements
December 31, 2007

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid expenses consist of prepaid insurance.

I. CAPITAL ASSETS

Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value) for items of \$500 or more. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives:

Site improvements	15 years
Buildings	33 years
Building improvements	15 years
Furniture and fixtures	5 to 7 years
Computers	3 years

J. COMPENSATED ABSENCES

The Housing Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to three hundred hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

K. RESTRICTED NET ASSETS Net assets are reported as restricted when constraints placed on net assets use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

It is the Housing Authority's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

L. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Housing Authority of the City of Bunkie
Notes to the Basic Financial Statements
December 31, 2007

NOTE 2 - DEPOSITS AND INVESTMENTS

At December 31, 2007, the Housing Authority has cash, cash equivalents, and investments as follows:

Demand deposits	\$110,709
Petty Cash	25
Time deposits	<u>103,602</u>
Total	<u>\$214,336</u>
 Cash and cash equivalents	 \$101,574
Investments	103,602
Cash and cash equivalents – restricted	<u>9,160</u>
Total	<u>\$214,336</u>

Custodial Credit Risk:

Custodial Credit Risk-Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of December 31, 2007, the Housing Authority had a bank balance of \$222,749, in which \$19,147 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Housing Authority's name. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Housing Authority that the fiscal agent has failed to pay deposited funds upon request. The Housing Authority's policy does not address custodial credit risk.

Interest Rate Risk: The Housing Authority's policy does not address interest rate risk.

NOTE 3 - RECEIVABLES

The receivables at December 31, 2007, are as follows:

<u>Class of Receivables</u>	
Residents	\$ 2,748
Allowance for Doubtful Accounts	<u>(2,487)</u>
Total	<u>\$ 261</u>

Housing Authority of the City of Bunkie
Notes to the Basic Financial Statements
December 31, 2007

NOTE 4 - CAPITAL ASSETS

The changes in capital assets are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Nondepreciable capital assets:				
Land	\$ 64,742	\$ -	\$ -	\$ 64,742
Construction in progress	64,838	72,446	137,284	-
Total nondepreciable capital assets	<u>129,580</u>	<u>72,446</u>	<u>137,284</u>	<u>64,742</u>
Depreciable capital assets:				
Site improvements	204,805	-	-	204,805
Buildings	3,037,349	137,284	-	3,174,633
Furniture and equipment	172,140	642	-	172,782
Total depreciable capital assets	<u>3,414,294</u>	<u>137,926</u>	<u>-</u>	<u>3,552,220</u>
Less: accumulated depreciation				
Site improvements	176,161	4,594	-	180,755
Buildings	1,939,654	100,016	-	2,039,670
Furniture and equipment	157,844	7,875	-	165,719
Total accumulated depreciation	<u>2,273,659</u>	<u>112,485</u>	<u>-</u>	<u>2,386,144</u>
Depreciable capital assets, net	<u>1,140,635</u>	<u>25,441</u>	<u>-</u>	<u>1,166,076</u>
Capital assets, net	<u>\$ 1,270,215</u>	<u>\$ 97,887</u>	<u>\$ 137,284</u>	<u>\$ 1,230,818</u>

NOTE 5 - RETIREMENT SYSTEM

The Housing Authority participates in a defined contribution retirement plan. The plan was established January 1, 1992. Through this plan, the Housing Authority provides pension benefits for all of its full-time employees. The plan is a single employer defined contribution plan and is administered by the Housing Authority of the City of Bunkie.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employer is required to make monthly contributions equal to 8% of each participant's effective compensation. The Housing Authority's contribution for each employee and income allocated to the employee's account is vested immediately.

The Housing Authority's total payroll for year ended December 31, 2007, was \$165,234. The Housing Authority's contributions were calculated using the base salary amount of \$149,550. The Housing Authority made the required contributions of \$11,074 for the year ended December 31, 2007, of which \$11,074 was paid by the Housing Authority and \$0 was paid by employees.

Housing Authority of the City of Bunkie
Notes to the Basic Financial Statements
December 31, 2007

NOTE 6 - COMPENSATED ABSENCES

At December 31, 2007 employees of the Housing Authority have accumulated and vested \$15,548 of employee leave benefits which was computed in accordance with GASB Codification Section C60. These amounts are recorded as liabilities in the funds from which payment will be made. Following is a summary of the compensated absence transactions for the year:

Balance at beginning of year	\$ 12,641
Additions	8,818
Deductions	<u>5,911</u>
Balance at end of year	<u>15,548</u>
Due in one year	<u><u>\$ 5,343</u></u>

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Litigation At December 31, 2007 the Housing Authority was involved in various law suits. It is not possible to determine the likelihood of a loss at this time. However, in the event the Housing Authority does not prevail, the Housing Authority has insurance that would cover the loss.

Construction Projects There are certain major construction projects in progress at December 31, 2007. These include modernizing rental units. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

Grant Disallowances The Housing Authority participates in a number of federally assisted grant programs. Although the grant programs have been audited in accordance with Single Audit Act Amendments of 1996 and OMB Circular A-133 through December 31, 2007, these programs are subject to compliance audits. Housing Authority management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

NOTE 8 - RISK MANAGEMENT

The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Housing Authority carries commercial insurance.

NOTE 9 - CAFETERIA PLAN

The Housing Authority adopted a cafeteria plan July 10, 2001 under Internal Revenue code 125 for all eligible employees. The plan agreement allows employees to elect various benefits. If qualified benefits are chosen, they are excludable from gross income to the extent allowed by law.

NOTE 10 - ECONOMIC DEPENDENCY

Statement of Financial Accounting Standard (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing and Urban Development provided \$293,862 to the Housing Authority, which represents approximately 57% of the Housing Authority's total revenue for the year.

Housing Authority of the City of Bunkie

SUPPLEMENTAL INFORMATION

HOUSING AUTHORITY OF THE CITY OF BUNKIE

**STATEMENT OF CERTIFICATION OF ACTUAL
MODERNIZATION COST CERTIFICATE
December 31, 2007**

1. The actual modernization costs for the completed capital fund program is as follows:

	PROJECT <u>LA 48P062501-05</u>
Funds approved	\$ 167,460
Funds expended	<u>167,460</u>
Excess of funds approved	<u>\$ 0</u>
Funds advanced	\$ 167,460
Funds expended	<u>167,460</u>
Excess of funds advanced	<u>\$ 0</u>

2. The distribution of costs as shown on the actual modernization cost certificate dated August 9, 2007 for the Project LA 48P062501-05 is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

Housing Authority of the City of Bunkie
Financial Data Schedule
For the Year Ended December 31, 2007

PHA: LA062 FYED: 12/31/2007

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	\$101,574	\$0	\$101,574
114	Cash - Tenant Security Deposits	\$9,160	\$0	\$9,160
100	Total Cash	\$110,734	\$0	\$110,734
126	Accounts Receivable - Tenants - Dwelling Rents	\$2,748	\$0	\$2,748
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(\$2,487)	\$0	(\$2,487)
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0
128.1	Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0
120	Total Receivables, net of allowances for doubtful accounts	\$261	\$0	\$261
131	Investments - Unrestricted	\$103,602	\$0	\$103,602
142	Prepaid Expenses and Other Assets	\$11,453	\$0	\$11,453
143	Inventories	\$3,125	\$0	\$3,125
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0
150	Total Current Assets	\$229,175	\$0	\$229,175
161	Land	\$64,742	\$0	\$64,742
162	Buildings	\$3,037,349	\$137,284	\$3,174,633
163	Furniture, Equipment & Machinery - Dwellings	\$69,590	\$0	\$69,590
164	Furniture, Equipment & Machinery - Administration	\$103,192	\$0	\$103,192
165	Leasehold Improvements	\$204,805	\$0	\$204,805
166	Accumulated Depreciation	(\$2,376,992)	(\$9,162)	(\$2,386,144)
160	Total Fixed Assets, Net of Accumulated Depreciation	\$1,102,686	\$128,132	\$1,230,818
180	Total Non-Current Assets	\$1,102,686	\$128,132	\$1,230,818
190	Total Assets	\$1,331,861	\$128,132	\$1,459,993

**Housing Authority of the City of Bunkie
Financial Data Schedule
For the Year Ended December 31, 2007**

PHA: LA062 FYED: 12/31/2007

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
312	Accounts Payable <= 90 Days	\$3,542	\$0	\$3,542
321	Accrued Wage/Payroll Taxes Payable	\$1,491	\$0	\$1,491
322	Accrued Compensated Absences - Current Portion	\$5,343	\$0	\$5,343
333	Accounts Payable - Other Government	\$20,288	\$0	\$20,288
341	Tenant Security Deposits	\$9,160	\$0	\$9,160
342	Deferred Revenues	\$128	\$0	\$128
310	Total Current Liabilities	\$39,950	\$0	\$39,950
354	Accrued Compensated Absences - Non Current	\$10,205	\$0	\$10,205
350	Total Noncurrent Liabilities	\$10,205	\$0	\$10,205
300	Total Liabilities	\$50,155	\$0	\$50,155
508	Total Contributed Capital	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$1,102,686	\$128,132	\$1,230,818
511	Total Reserved Fund Balance	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$179,020	\$0	\$179,020
513	Total Equity/Net Assets	\$1,281,706	\$128,132	\$1,409,838
600	Total Liabilities and Equity/Net Assets	\$1,331,861	\$128,132	\$1,459,993

Housing Authority of the City of Bunkie
Financial Data Schedule
For the Year Ended December 31, 2007

PHA: LA062 FYED: 12/31/2007

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
703	Net Tenant Rental Revenue	\$214,205	\$0	\$214,205
704	Tenant Revenue - Other	\$4,948	\$0	\$4,948
705	Total Tenant Revenue	\$219,153	\$0	\$219,153
706	HUD PHA Operating Grants	\$191,240	\$30,176	\$221,416
706.1	Capital Grants	\$0	\$72,446	\$72,446
711	Investment Income - Unrestricted	\$4,176	\$0	\$4,176
715	Other Revenue	\$1,494	\$0	\$1,494
700	Total Revenue	\$416,063	\$102,622	\$518,685
911	Administrative Salaries	\$99,010	\$0	\$99,010
912	Auditing Fees	\$6,800	\$0	\$6,800
914	Compensated Absences	\$2,907	\$0	\$2,907
915	Employee Benefit Contributions - Administrative	\$42,717	\$0	\$42,717
916	Other Operating - Administrative	\$36,566	\$0	\$36,566
924	Tenant Services - Other	\$668	\$0	\$668
931	Water	\$504	\$0	\$504
932	Electricity	\$6,705	\$0	\$6,705
933	Gas	\$823	\$0	\$823
938	Other Utilities Expense	\$3,290	\$0	\$3,290
941	Ordinary Maintenance and Operations - Labor	\$66,224	\$0	\$66,224
942	Ordinary Maintenance and Operations - Materials and Other	\$21,384	\$0	\$21,384
943	Ordinary Maintenance and Operations - Contract Costs	\$16,519	\$0	\$16,519
945	Employee Benefit Contributions - Ordinary Maintenance	\$28,571	\$0	\$28,571
961	Insurance Premiums	\$39,315	\$0	\$39,315
963	Payments in Lieu of Taxes	\$20,288	\$0	\$20,288
964	Bad Debt - Tenant Rents	\$2,667	\$0	\$2,667
969	Total Operating Expenses	\$394,958	\$0	\$394,958
970	Excess Operating Revenue over Operating Expenses	\$21,105	\$102,622	\$123,727
971	Extraordinary Maintenance	\$738	\$0	\$738
974	Depreciation Expense	\$103,333	\$9,152	\$112,485
900	Total Expenses	\$499,029	\$9,152	\$508,181

**Housing Authority of the City of Bunkie
Financial Data Schedule
For the Year Ended December 31, 2007**

PHA: LA062 FYED: 12/31/2007

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
1001	Operating Transfers In	\$30,176	\$0	\$30,176
1002	Operating Transfers Out	\$0	(\$30,176)	(\$30,176)
1010	Total Other Financing Sources (Uses)	\$30,176	(\$30,176)	\$0
	Excess (Deficiency) of Total Revenue Over (Under) Total			
1000	Expenses	(\$52,790)	\$63,294	\$10,504
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0
1103	Beginning Equity	\$1,334,496	\$64,838	\$1,399,334
1120	Unit Months Available	1,267	0	1,267
1121	Number of Unit Months Leased	1,178	0	1,178

Housing Authority of the City of Bunkie

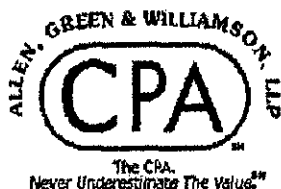
GENERAL

SCHEDULE OF COMPENSATION PAID BOARD MEMBERS

For the Year Ended December 31, 2007

The members of the Board of Commissioners are as follows:

<i>Lois Levy, Chairman</i>	\$700
Larry Riche, Vice Chairman	700
Elizabeth Reed	800
Daniel Melancon	900
Leon Holts	800



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Cindy Thomason, CPA

Ernest L. Allen, CPA
(Retired) 1963 - 2000

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Board of Commissioners
Housing Authority of the City of Bunkie
Bunkie, Louisiana

We have audited the financial statements of the Housing Authority of the City of Bunkie, Bunkie, Louisiana, as of and for the year ended December 31, 2007, and have issued our report thereon dated June 29, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Housing Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 07-F1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and other matters

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the Housing Authority in a separate letter dated June 29, 2008.

The Housing Authority's response to the findings identified in our audit are described in the accompanying corrective action plan for current year findings. We did not audit the Housing Authority's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board, management, and the federal awarding agency, and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

allen, Green + Williamson, LLP
ALLEN, GREEN, & WILLIAMSON, LLP

Monroe, Louisiana
June 29, 2008

Housing Authority of the City of Bunkie
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2007

PART I – Summary of the Auditors' Results

Financial Statement Audit

- i. The type of audit report issued was unqualified.
- ii. There was a significant deficiency required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States of America. The significant deficiency was not considered to be a material weakness.
- iii. There were no instances of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statements.

Housing Authority of the City of Bunkie

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2007**

PART II – Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards generally accepted in the United States of America:

Reference # and title: **07-F1** **Tenant Files**

Criteria or specific requirement: Per HUD guidelines annual recertification must be maintained in tenant file, supporting documentation must agree to recertification, social security numbers must be obtained for residents over six years of age, tenant's income, value of assets, expenses related to deductions from income, status of full time students & other factors must be verified by a third party.

Condition found: When testing resident files to support dwelling income, the following was noted:

- Two files did not have recertification.
- Three files had supporting documentation which did not agree to recertification.
- Three files did not have income verification by a third party.
- Seven files did not have proper income calculations.
- One file's utility allowance did not agree to support.

Possible asserted effect (caused and effect):

Cause: The Housing Authority did not obtain proper supporting documentation and income verification nor calculate rent properly for the files noted above.

Effect: The Housing Authority is not receiving the proper amount of rental income which may have an affect on federal funding.

Recommendations to prevent future occurrences: The Housing Authority should establish procedures to ensure all resident files contain annual recertifications, proper supporting documentation and correct income calculations.

Housing Authority of the City of Bunkie

OTHER INFORMATION

**Housing Authority of the City of Bunkie
Summary Schedule of Prior Audit Findings
December 31, 2007**

Reference # and title: **06-F1** **Noncompliance With State Bid Law**

Condition found: According to LSA-R.S. 38:2211-38:2213, the first advertisement for bids of public works over \$100,000 should be published at least twenty five days before the bid opening. The Housing Authority had one bid during the year, which was tested for compliance with state bid law. The first ad was published only 19 days before the bid opening.

Corrective action taken: The Housing Authority complied with Public Bid Law requirements concerning advertisement and bid opening.

**Housing Authority of the City of Bunkie
Corrective Action Plan For Current-Year Audit Findings
For the Year Ended December 31, 2007**

Reference # and title: **07-F1** **Tenant Files**

Condition: Per HUD guidelines annual recertification must be maintained in tenant file, supporting documentation must agree to recertification, social security numbers must be obtained for residents over six years of age, tenant's income, value of assets, expenses related to deductions from income, status of full time students & other factors must be verified by a third party.

When testing resident files to support dwelling income, the following was noted:

- Two files did not have recertification.
- Three files had supporting documentation which did not agree to recertification.
- Three files did not have income verification by a third party.
- Seven files did not have proper income calculations.
- One file's utility allowance did not agree to support.

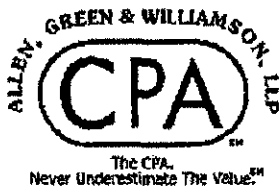
Corrective action planned: The above issues have been corrected. Correct income calculations are now in place to determine monthly rent. We have been having software issues and we are working to get these problems resolved.

Person responsible for corrective action:

Ms. Penny McWilliams, Executive Director
Housing Authority of the City of Bunkie
P. O. Box 1036
Bunkie, LA 71322-5036

Telephone: (318) 346-6838
Fax: (318) 346-6844

Anticipated completion date: February 16, 2008.



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Management Letter

Board of Commissioners
Housing Authority of City of Bunkie
Bunkie, Louisiana

In planning and performing our audit of the financial statements of the Housing Authority of City of Bunkie for the year ended December 31, 2007, we considered the Housing Authority's internal control to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

However, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated June 29, 2008, on the financial statements of the Housing Authority. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments and management's responses are summarized as follows:

07-M1 Proper Support for Travel Expenditures

Comment: Hotel receipts were not turned in for any out of town travel.

Recommendation: All employees and board members should obtain hotel receipts when staying out of town and turn receipts in to the executive director for approval and supporting documentation.

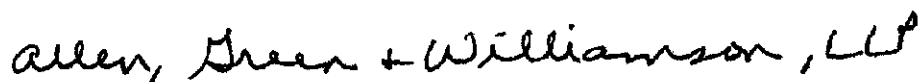
Management's response: We would use Purchase Order information and confirmation as receipts. We will obtain original receipts for this date forward and attach these to the checks stubs for verification after approval.

* * * * *

Included immediately following this letter is a Status of Prior Management Letter Item. This information has not been audited by Allen, Green & Williamson, LLP, and no opinion is expressed. However, we did follow-up on the prior management letter item and performed procedures to assess the reasonableness of the Status of Prior Management Letter Item prepared by Management, and we would report, as a current-year management letter item when Allen, Green & Williamson, LLP, concludes that the Status of Prior Management Letter Item materially misrepresents the status of any prior management letter item.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not reveal all weaknesses in policies and procedures that may exist.

This report is intended solely for the information and use of the Board, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "allen, green & williamson, llp".

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
June 29, 2008

**Housing Authority of the City of Bunkie
Status of Prior Year Management Letter Item
December 31, 2007**

06-M1 Information Systems Policy

Comment: The Housing Authority does not have a written policy governing information systems, nor do they have a written back-up contingency and recovery plan. The Housing Authority only performs monthly back-ups and the back-ups are not stored off site or in a fireproof safe.

Management's response: Back-ups have been performed daily and kept in two separate locations in a fireproof safe.

06-M2 Fixed Asset Listing

Comment: The Housing Authority is not updating the fixed asset listing every time there is a change.

Management's response: The Housing Authority is sending proper support to the fee accountant to ensure the capital assets are updated timely.